

JSS 3/89

Deinstitutionalization  
of Practice – a Trigger  
of Organizational  
Change in the  
Internationalization  
Process of  
Companies

Submitted  
06/2015


Accepted for  
publication  
08/2015

# Deinstitutionalization of Practice – a Trigger of Organizational Change in the Internationalization Process of Companies

## Praktikos deinstytucializacija – organizacinių pokyčių, vykstančių kompanijos internacionalizacijos kontekste, skatuly

**Zofia Patora-Wysocka**

University of Social Sciences, Sienkiewicza str. 9 90-113, Lodz, Poland

 <http://dx.doi.org/10.5755/j01.ss.89.3.13674>

### Abstract

The paper addresses the deinstitutionalization of practice from the processual perspective. Practice deinstitutionalization is a relatively new cognitive concept in management that is inherent in the processual approach. This paper presents its theoretical and empirical aspects. The research goal is to recognize the process of deinstitutionalization in the internationalization context. The study draws on the case study method. The process of deinstitutionalization is initiated by deinstitutionalizing pressures, which may stem from either the internal or external environment of the organization. Deinstitutionalization pressures gave rise to entropy in the studied organization, which resulted in giving up a key business area. The deinstitutionalization of practice may stimulate new practice development and the institutionalization of new organizational schemas of action.

**KEYWORDS:** deinstitutionalization, practice, reproduced patterns of actions, internationalization.

### Introduction



Social Sciences  
Vol. 3 / No. 89 / 2015  
pp. 84-98  
DOI 10.5755/j01.ss.89.3.13674  
© Kaunas University of Technology

This paper presents a theoretical and empirical study of deinstitutionalization from the processual perspective in management. Deinstitutionalization is a relatively new and cognitively useful concept which builds on the theories developed by Anthony Giddens (1984), Richard Scott (2008), Martha Feldman and Brian Pentland (2003), Seidl and Whittington (2014), and Davide Nicolini (2013), and it is still a novel approach in the scientific discourse. Both institutionalization and deinstitutionalization of practice in companies are insufficiently explored in the literature of the subject. They raise important issues related to change management, concerning the scope and direction of the changes introduced, erosion of reproduced patterns of action, and their new development (Ansari et al., 2014). In this respect, adopting the pro-

cessual cognitive perspective allows to show the process of deinstitutionalization of practice from the perspective of day-to-day activities, which is a kind of contribution to the field. The first part of the paper discusses theoretical aspects of practice deinstitutionalization and its explanatory value. The second part offers an empirical illustration for the cognitive potential of this concept. The empirical part shows the problems of deinstitutionalization of practice within the internationalization process of companies. The summary describes the prospects of researching deinstitutionalization in the processes of change transformation as well as from the processual perspective, exploring the role of routine and practice in day-to-day activities.

The objective of the paper is the presentation and comprehensive elucidation of the notion of practice deinstitutionalization. This concept is necessary in analysis of the processes of change initiation in organizations, and in this sense constitutes a response to the cognitive gap in change management. The observation of deinstitutionalization processes in companies operating in a volatile environment implies the erosion of institutionalized practice embodied in day-to-day activities. According to the thesis illustrated by the case study, the discontinuity of reproduced organizational and action schemas may trigger new organizational practice. It should be noted however that it may result in complete deinstitutionalization and disappearance of some organizational structures and resources, as well. Nevertheless that kind of a case is not a subject of this study. The deinstitutionalization of reproduced practice may be an important cognitive category in change management. It may influence the direction of change in the company, determine the way of reproducing new practices to replace the old schemas of action, or help predict organizational inertia.

The concepts proposed by Giddens (1984), Scott (2008), and Feldman and Pentland (2003) are important for the notion of practice deinstitutionalization, but are not sufficient. The attempt at reconciling the institutional and processual approaches undertaken in this paper involves analysis of the erosion of institutionalized practice from the perspective of the process of change initiation in the company. In this sense, deinstitutionalization is a category that may result in new organizational practice, or alternatively it may trigger inertia.

The paper consists of two parts: the first one is theoretical and it explores the notion of deinstitutionalization of practice, while the second one presents the results of the empirical study illustrating the subject researched.

In the literature, institutions are perceived as categories of continuity that constitute the boundaries determining social order (Giddens, 1984) and that create and found social structures (Scott, 2008). Deinstitutionalization may be perceived from the perspective of erosion of the institutionalized elements of social systems. According to Anthony Giddens (1984), institutions are of functional nature – their existence depends on their reproduction, or on the continuity and repetitiveness of processes conducted by people as part of daily reproduced actions. Actions themselves constitute the process of routinization, which is a key element of social reproduction and of the emergence of special *practices, which have the greatest time-space extension* (Giddens, 1984). Giddens terms them institutions and proposes that *day-to-day activities. . . are at the core of social institutions* (Giddens, 1984). Therefore, in this sense the institutional approach may be extended to the cognitive perspective, which is focused on observation of the process and the elementary functional categories (routines, daily activities) that constitute it. Anthony Giddens's theory underpins the processual cognitive perspective, in which practice (activities, routines, and actions conducted on a day-to-day basis) is a key category in the development and change of social structures (see Golsorkhi et al., 2010; Jarzabkowski, 2005; Feldman, 2005).

---

## Deinstitutionalization of practice

The institutional approach concerns, amongst others, the creation, perpetuation, change, erosion, and disappearance of institutions. If institutionalization is the process of the development and perpetuation of solid social categories, then deinstitutionalization may be understood as the process of collapse of institutionalized social categories. Thus, 'deinstitutionalization refers to the process whereby previously institutionalized practices are abandoned' (Davis et al., 1994; Farjoun, 2002; Maguire, 2009).

In reference to the Giddensian concept of reproduced practice, one can extend the notion of deinstitutionalization to practice and assume that the deinstitutionalization of reproduced practice triggers considerable change in the day-to-day actions of organizations (companies). In this sense, deinstitutionalization of practice may be treated as an important category of initiation of fundamental change. Being a process *by which institutions weaken or disappear* (Scott, 2008) deinstitutionalization either necessitates the development of alternative, more accurate patterns of action or institutional logic (Thornton et al., 2012), or is a factor triggering the collapse of an organization. This process consists of undoing the extant patterns of activity and results in either the emergence of completely new practices, or alternatively, in the initiation of inertia and organizational collapse.

## Deinstitutionalization of reproduced patterns of actions

The issue of the deinstitutionalization of repetitive patterns of actions may be analyzed in the processual approach, in which management problems are explored from the perspective of practices reproduced within daily actions and routines. Routinization is a process of unplanned, spontaneous reproduction of actions. It is the performative aspect of the pursued strategy. The process of routine reproduction is not, however, automatic, as these actions are conducted by individuals who are capable of critical thinking and decision making, and they can potentially modify the practice of routinely reproduced actions (Lazarcic, 2010). In an attempt to unbundle the concept of routine, Martha Feldman and Brian Pentland developed the notions of performativity and ostensivity of routine actions. While the aspect of ostensivity concerns script-based, nearly automatically done actions, the performative aspect of routines pertains to the functional and evolutionary nature of routines (Feldman, Pentland, 2003). Changes to reproduced routines may occur in a planned or spontaneous manner. Spontaneous actions, which are not subjected to planning and managerial control, may stimulate innovativeness and lead to the deinstitutionalization of the old schemas of action and the emergence of new practice (Patora-Wysocka, 2014).

Elke Weik distinguishes between four strands of institutional theories of reproduction: temporal, functional, sustainable, and latent (Weik, 2014). According to the first one, grounded in the social constructivism of Berger and Luckman (1966), an institution is a social construct that was established at a point in the past, accepted by the social group, and handed down or cultivated over time. It is taken for granted and reproduced. The fact that an institution was established by people in the past is irrelevant to the people who reproduce it, as it is a kind of a *petrified cognitive schema* (Sułkowski, 2010). It is a '*naturalized*' way to depict social dimension (Weik, 2014). This construct is difficult to change, but it facilitates decision making. In this context, one should mention the problems of stereotyping (concerning sex, skin color, age) in human resource management described by Łukasz Sułkowski (2010). The deinstitutionalization of the reproduction of such cognitive schemas may be considered hard to modify.

In turn, the functional strand treats institutions as enduring elements of the social order located in a given environment and providing the basis for *sensemaking and identity construction* (Weik, 2014). This tradition seems to be the right context for the notion of institutional logic as conceived of by Friedland and Alford (1991), who emphasized the importance of

this category for the existence of institutional order. Institutional logic involves organizing principles and provides social actors with vocabularies of motive and a sense of self (i.e., identity). These practices and symbols are available to individuals, groups, and organizations to further elaborate, manipulate, and use them to their own advantage (Friedland and Alford, 1991). From this research perspective, institutions are social categories that are difficult to change (deinstitutionalize) in that they provide justification for actions, beliefs, systems of values, etc.

The third cognitive approach, which Weik termed sustainable, adopts a microprocessual cognitive perspective and employs the notions of routines and habits. The reason for institutionalization and reproduction is the actors' tendency not to *get involved in more strenuous forms of action*. . . *Institutions reduce cognitive complexity* (Weik, 2014). In the management sciences, this cognitive approach appears to be more readily adapted to the empirical reality of companies, as it affords a focus on processes and their functional categories (that is, the manner of conducting activities and their type).

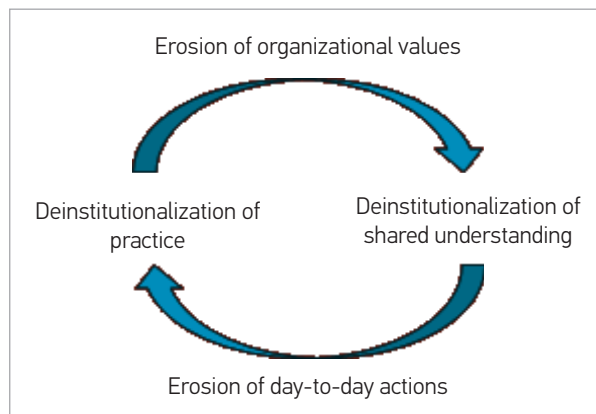
The fourth approach identified by Weik, or the latent strand, is also linked to the processual research perspective and the above-mentioned theory of structuration developed by Anthony Giddens (1984). Here, institutions are *constitutive of social phenomena such as practices or identities* and are reproduced as a result of the reproduction of those categories (Weik, 2014). In reference to Merton (1936), institutionalization is an unintended consequence of patterns of day-to-day action. One could argue that institutions emerge as a result of daily routines. In this context, deinstitutionalization, or the process of erosion of institutionalized practice, will not be a category of intended actions. It may also lead to the devaluation and obsolescence of the currently pursued model of action, as a result of which that model may no longer be adequate under the current conditions of the external environment.

The process of deinstitutionalization occurs on many levels of the functioning of an organization. Referring to Scott (2008), Oliver (1992), and Zucker (1988) one can distinguish at least the following types: a) deinstitutionalization of shared understanding, b) deinstitutionalization of institutional values, c) deinstitutionalization of practice. All of these, that is, shared understanding, values (organizational, cultural), and practice, are elements of both the theory of organization and of organizations themselves in empirical reality. In practice, all of these levels of deinstitutionalization are interlinked. According to Maguire and Hardy, deinstitutionalization of practice occurs not 'merely because better options present themselves' (Ahmadjian and Robinson, 2001), but because practices have lost their original meaning (Maguire, Hardy, 2009). Inverting the process of building a shared understanding (Schau et al., 2009), one could argue that deinstitutionalization involves the erosion of collective actions consisting of interaction and shared reproduction of day-to-day activities in an organization, and it calls into question the purpose of activities undertaken in that organization. The deinstitutionalization of practice is therefore of functional nature and is the effect of many different factors that have undermined the usefulness of the existing schema of action (business model) pursued by the company. This implies partial or complete devaluation of the resources that served as the basis for the institutional logic of the organization, such as routines, skills, and shared understandings (Figure 1). However, it would be difficult to conclusively identify cause-and-effect relations between the various aspects of deinstitutionalization. Whether these processes occur in parallel or sequentially probably depends on the situational context of a given company. Thus, the adopted typology of deinstitutionalization is primarily of scholarly nature and facilitates comprehension of the processes of organizational change from the viewpoint of management.

---

## Typology of deinstitutionalization

**Figure 1**  
Deinstitutionalization of  
reproduced practice



*Note.* Based on 'Institutions and Organizations. Ideas and Interest', by W.R. Scott, 2008, 3rd ed., Thousand Oaks: Sage Publications; 'The Antecedents of Deinstitutionalization', by C. Oliver, 1992, *Organization Studies*, 13/4, pp. 563-588; 'Where do institutional patterns come from? Organizations as actors in social systems', by L. G. Zucker, 1988, In L.G. Zucker (Ed.), *Institutional Patterns and Organizations: Culture and Environment* (pp. 23-49). Cambridge: MA, Ballinger; 'Discourse and deinstitutionalization: the decline of DDT', by S. Maguire, and C. Hardy, 2009, *Academy of Management Journal*, 52, 1, pp. 148-178. Adapted with permission.

Yet another categorization of the deinstitutionalization process is proposed by Oliver. Using the framework of *deinstitutionalizing pressures*, he distinguishes three types of eroding forces: political, functional and social. In the context of change management, it should be noted that *deinstitutionalizing pressures* may be endogenous or exogenous; in other words, they may derive either from the internal environment of the company or from the phenomena and processes occurring in the external environment, remaining beyond the control of the people who reproduce practices. Political pressures are linked to power distribution and may follow from a change in the power structure of an organization or the context of leadership or infighting between different interest groups. It may also be interpreted as a *protective response* to events in the external environment perceived as a threat of obsolescence (Oliver, 1992). The functional causes of deinstitutionalization are of purely utilitarian character. In the case of companies, they may be linked to the economic motives of the undertaken change, pressure for better resource allocation, and a *demand for efficiency* (Oliver, 1992). They can also be attributable to consumer preferences. Such changes may be triggered by technological progress, or, conversely they may be brought about by a preference for low-priced inferior quality or low-end products. Social pressures on deinstitutionalization are forces that are not subject to managerial control, being unplanned and spontaneous. They may be of endogenous nature, initiated by a change in the organizational structure which had led to a differentiation of groups, e.g., in the case of mergers or joint ventures (Oliver, 1992). However, they may also be exogenous, if they derive from deeper changes, e.g., in social expectations or the law (Oliver, 1992). Oliver proposed a deinstitutionalization framework in which the very kind of pressure may lead to *deterioration* in the use of an institutionalized practice (the process is called *dissipation* or complete *rejection*). At this stage, the forces of entropy and inertia emerge, affecting the rate of deinstitutionalization. The final effect of this process is the erosion or discontinuity of practice (Oliver, 1992).

For the advocates of the institutional approach in management, deinstitutionalization may offer a new cognitive perspective addressing change management in an organization. Change itself may result in organizational renewal or inertia. Thus, analysis of deinstitutionalization may reveal the direction of change in the company and help predict whether it is connected with the replacement of schemas of practice, leading to some deeper structural change, whether it signals organizational development, or whether it implies organizational failure and disappearance.

Internationalization processes in companies are perceived in the literature of the subject from the dynamic perspective – internationalization is often understood as a process, much less frequently as a state. This results from the modern conditions of the companies' functioning, important elements of which include globalization, diffusion of technologies, trends, cultural patterns and behavior, rapid information flow, and common access to information. In consequence, companies function in a turbulent external environment, where internationalization becomes a more and more natural element of the company's development. The literature on the internationalization of companies develops models based on the concept of internationalization as a process. In this respect, one can point to classic gradual models, assuming a gradual change of the process (Johanson and Vahlne, 1977), step models (Oviatt and McDougall, 1994), assuming a thesis about sudden internationalization of companies, or models that perceive the internationalization process from the network perspective (Vahlne et al., 2011). The concept of change present within the issues of internationalization is also discussed from the perspective of a reversal of the process described as deinternationalization or reinternationalization of companies (Pauwels, Maththyssens, 2001). Internationalization is sometimes defined from the angle of change and adaptation of strategies, organizational structure, and resources of the company to the international environment (Calof and Beamish, 1995), in the context of change (increase) in involvement in operations of international character (Welch and Luostarinen, 1999), or, on a very general level, as a process of the company's development (Melin, 1992). Thus, it can be assumed that the concept of change is a kind of a cognitive imperative within the issues of internationalization, which is not sufficiently explored from theoretical and empirical perspectives. In particular, there is no research viewing the internationalization process from the processual perspective, showing the issues of management in companies as exemplification of everyday actions and the way of functioning within the reproduced practice. In such cases, it would be worth perceiving internationalization in the situational context of the given company. Such an approach would include different aspects of actions that are of significance from the point of view of everyday practice, which could be evaluated in a broader context of the direction and the level of internationalization: whether it is a forward or backward process, whether it is based on occasional export activities or more advanced forms of conducting business activity abroad, and whether it is based on strong relations with foreign business partners, or on loose and irregular relations. And finally, thanks to research carried out in a spirit of the processual perspective, it is possible to establish whether internationalization can be an area initiating in-depth changes in the company, which determine the redefinition of the previous logic of actions (practice).

The paper presents the results of a study based on the case study method (Gherardi, 2012). The case was selected purposively with a view to exploration of the processes of deinstitutionalization and emergence of new practices in a company within the internationalization processes of a company. The selected company was liquidating part of its operations at the time of the study, while seeking development opportunities by moving manufacturing to the Far East. Due to the nature of the investigated issues, it was found necessary to carry out at least two interviews over time. The study includes interviews with the company's owner conducted in April 2013 and in June 2014. Both interviews were also attended by associates of the company's owner.

The methods used in the study included in-depth interviews, document analysis (sample books, brochures), and non-participant observation. In 2011-2013, a few products of the company were purchased and initial talks with the company's owner were conducted in order to

---

## Internationalization as a process of change in a company

---

## Deinstitutionalization of practice: The exemplifying case

find whether it would be possible to launch a business activity based on the company's products, and so it can be said that in this respect the participant observation method was used.

The interviews were semi-structured and lasted two hours and an hour respectively. The guidelines for the interviews included the areas of the company's day-to-day activity in a seasonal cycle, and they were structured in a way allowing to observe changes in the reproduction of day-to-day actions. Some guidelines for the interviews were formulated based on the company's history; these included the origin of the company, product development and sales in a seasonal cycle, seeking business partners abroad. Data analysis was preceded by the transcription of the interviews recorded with a voice recorder and supplemented with notes taken during and shortly after the interviews.

As part of the data analysis procedure according to Creswell (2009), the study materials were first read in order to determine the general significance of the data gathered. The second stage of the analysis consisted in coding the most important research threads and developing a cognitive map of the interviews, based on which they were compared and analyzed.

### Company profile

The Alpha company is the largest manufacturer of neckties in Central Europe. It was established by taking over the assets of the former manufacturer of silk products, Zeta. Alpha manufactures necktie fabrics from polyester, and to a smaller extent from silk. The company offers both its own designs and executes customer-designed patterns (for company ties, club ties, ties with logos, and ties for special occasions). The company also produces chasuble fabrics (made of polyester or polyester with the addition of natural yarns) and fabrics with metallic yarns for liturgical vestments.

The pursued business model was based on access to resources. This route of establishing companies was typical of the textile and clothing sector in the 1990s. Firms were often established by taking over state-owned enterprises which had been operating in a given field for many years. The acquired fixed assets, as well as the retained employees and their skills, are key factors in developing routines in the new company. Such routines constitute a special resource of the organization, which creates its identity and imparts a functional character to the assets and artifacts that were taken over.

Repetitive features of practice were developed on the basis of the skills and fixed assets (looms) transferred to the new organization:

*O: The previous company was established after WWII, and we took over the machine stock for the production of jacquard fabrics. . . . We repaired it and bought machines for necktie manufacturing. . . . Mrs. Ela was manager at that factory for a long time. I guess it was the biggest necktie factory in the world, wasn't it? (Owner, Interview: 2013).*

*A: Exactly, as we had more than two hundred looms. We made neckties for the entire European Union, sorry, I mean Comecon. At that time there was no EU, and [we made neckties] for the entire world. And then that factory was transformed into the silk mill Beta, and we also made ties, lots of ties there. We had hydraulic, pneumatic, and jacquard weaving mills and we worked three shifts – we had huge output. (Associate, I: 2013).*

Material resources and the way they are used are fundamental elements that provide the basis for the development of clearly defined products, quality, and organization structure. A machine stock without the human factor functionally associated with it would not be considered an enduring category of company operations. The material attributes of an organization are linked to its processual aspects, and as such may contribute to lasting institutionalization

## Repetitive features of day-to-day actions: Research results

of organizational features, which in turn determine the pursued business model (method of differentiation and brand identity building). In the case of a takeover, the characteristics of the acquired resources and the ability to use them institutionalize a specific practice for as long as the effects of this practice are profitable for the company. The repetitiveness of routines involves manufacturing activity based on the resources that were taken over. They are reproduced as long as they are deemed worthwhile by the owner. At the same time, the company owner emphasizes efficiency and a profitable manner of using resources, which means that when the model of resource use no longer yields profits, then, according to Oliver (1992), the functional pressures of deinstitutionalizations may be triggered. In this respect, the context of comparison with the Chinese competitors is of great significance. To company owners this forms a very important category of evaluation of their own activities:

*For some time we did have a stock of looms, but for manufacturing neckties they did not have to be cutting edge, because new looms are only different in that they operate two, three, four times faster. But with necktie fabrics, it is just impossible, because the fabric is more complicated, so this extra capacity of the loom is not necessary. It is as if you bought a car that can go 300 per hour, but drove it 60 per hour all the time. So for several years we were successful, we had good, modern yarns, the girls designed nice patterns, and for a few years we were competitive with the Chinese. They didn't have a similar product in China (Owner, I: 2013).*

The resource context is a very important element of building the repetitive features of practice. At the same time, it is strongly connected to the character of the owner, who initially defines the methods and rules of resource use, thus creating the basis for company operations and practice reproduction. The activities of the owner – the main decision-maker in the company – are strongly oriented towards the internationalization of the company's commercial area. The way in which resources and routines are used may stimulate the growth of new distribution channels and their institutionalization in the organizational structure:

*You know, I started with finished neckties, right? Then I had the idea I could buy fabrics and sew neckties, and then we had the idea we could make the fabrics ourselves. . . . We took over the factory without contacts, without contacts... We only had some contacts in the domestic market. We had to develop a distribution system on our own. . . . We did it over fifteen years, right? . . . We had a distribution network covering Poland and parts of East Europe because that network was developed when we were just importing finished neckties from Korea. We were expanding the network until 2008, and at times we ran out of stock as we sold products to the Czech Republic, Slovakia, Hungary, the former Soviet Republic (Owner, I: 2013).*

At the same time, when the owner is building a distribution network and ensures a market for the products, the role of a shared understanding of *socially constructed values* and routines becomes clear. The factory was taken over together with some workers, who have transferred and recreated their knowledge and routines in the new organization. They apply the skills that they acquired in a state-run enterprise, adjusting them to the new situation (dynamic capabilities). In summary, in the case of takeovers, the resources and the way they are used are a fundamental category of institutionalizing the repetitive features of day-to-day actions:

*O: Manufacturing was done with the old workers, wasn't it, Mrs. Ela?*

*A: That's right, and we learnt how to make neckties, because that technology was new in Poland, nobody was doing it, so we learnt it. . . . I mean, after all the company was taken over by Alpha, right? So all production workers were transferred to the new company. . . . You could say they are self-taught people. . . . We designed patterns as we went. Every day for the neckties, including the colors. Every day.*



## The process of practice deinstitutionalization

*O: So up to 2005, revenues were on the increase, everything was alright. We replaced and repaired our machine stock. . . to improve quality, for the products to be better quality, to be on the safe side because we thought we would grow. To have potential. Production potential (I: 2013).*

The process of practice deinstitutionalization was initiated at several levels of company operation. In the studied case, the functional causes of deinstitutionalization played a major role. They were linked to the unsatisfactory profitability of the business. Initially, the company tried to find alternative forms of resource and skill use. Attempts at the adaptation of resources and skills to the changing external conditions were based on institutionalized practice and the contacts obtained through the international distribution network. The company tried to manufacture silk neckties in collaboration with an Italian trade company. When this venture turned out to be unprofitable due to relatively high costs and low demand, the company started selling their neckties to chain stores. However, that initiative was soon found disappointing, too. This added to functional pressure for deinstitutionalization (Oliver, 1992):

*We tried to save our business by starting the production of silk neckties. At that time, I think it was 2007, silk was in vogue. But it didn't work out due to higher costs. Silk ties are more expensive and more prone to stains. . . They were produced using the machines for polyester manufacturing. It didn't matter. Silk was more expensive. That [production of silk ties] wouldn't have been possible without the Italian trade company – it was a sure thing. . . So it was an attempt at saving us. If the proportion of silk to polyester ties exceeded a little... Well, I'm not sure if it exceeded 1%. At 10% it would have been profitable (Owner, I: 2013).*

The failed attempts to save the company can be traced to the erosion of the basic organizational values: resources and skills. Manufacturing became unprofitable, and as such no longer made sense, leading to deeper processes of deinstitutionalization of the reproduced practice. The immediate cause was a deep workforce reduction due to the fact that in the studied case practice was primarily institutionalized based on the taken-over human resources and their skills, as it was shown above. Therefore, the lay-offs meant erosion of the fundamental categories continuing the most enduring elements of the social and resource structure of the organization. The workforce reduction involved the key manufacturing departments and was caused by the discontinuation of necktie production. However, the company still produces liturgical fabrics (not affected by workforce reduction).

*O: Well, from a hundred people, more than a hundred, to thirty, right? We closed the sewing departments, and first of all, the weaving plant. Manufacturing. . . We left liturgical fabrics. It is like this: the technological processes, fabric manufacturing, jacquard fabrics, necktie fabrics, are quite complicated and require considerable supervision and machine stock. Also necktie manufacturing is very demanding and requires many operations, even though we have new machines (Owner, I: 2013).*

Some deinstitutionalizing pressures are also of exogenous nature and derive from the company's external market environment. On the one hand, the expiration of the Multi Fibre Agreement and the liberalization of EU and WTO trade with the Far East markets led to a global intensification of competition in the textile and apparel industry. On the other hand, the considerable presence of the gray economy remains beyond the company's control and exerts social and political pressures of deinstitutionalization (Oliver, 1992):

*Second, in my subjective opinion, there are some sectors where people do not look at the economic results. Like the Chinese manufacturers – they operate without economic success. They're all on the verge of bankruptcy. Those Chinese companies also have minimal margins*

*and also go bust. . . So the gray economy was partially our undoing. Because in the textile industry there is still a gray economy where products are sold without invoices or VAT, and some of them are trafficked. (Owner, I: 2013).*

Deinstitutionalizing pressures led to the deterioration of practice and a complete rejection of necktie manufacturing. The workforce reduction and abandonment of the core business activity resulted in the erosion of the fundamental values underlying the company's original business model.

*Yes, now we mostly make our living from letting out space. It's a sadness when I stand here [in the weaving plant], look, here 20 groszy, 20 groszy, 20 groszy, and you know, it ran 24 hours a day (Owner, I: 2013)*

It is a turning point in the history of the company. Looking back, it may be said that the forces of entropy set in. The owner secured his business by letting out space and initiated a new practice to counteract the process of collapse. He said that cooperation with a Chinese firm was a new thing for him. Indeed, the deinstitutionalization of the core practice triggered new practice creation, which consists in moving production to China. Thus, it can be said that a considerable, almost abrupt increase in the involvement in internationalization is a kind of new practice creation:

*You know, we had to secure our position and we started manufacturing some products in China. In the beginning, there were some problems, but now we see that they're learning. This is a kind of preliminary cooperation because they also provide us with raw materials for the production of our fabrics. Thanks to our contract with them, we get cheaper materials. And we outsource some of our production to them. We have been doing this for a year. (Owner, I: 2013)*

The emergence of new practice is linked to the process of learning and the appearance of new understandings and new routines, especially in the area of communication with international business partners. The company is operated in a very flexible way – the owner is ready to compromise as the new way of business seems to him the only solution:

*There are problems all the time. You need to explain things to them three or four times. Recently, they produced fabrics for us. The fabrics were good. So we placed an order. They sent us more fabric samples. So we ordered from those samples. We order only white-and-gold fabrics, but they wanted to sell us a red-and-gold fabric, so it's a mystery where they got that idea from.*

*Or, for example, they lost an email with an order for a freight container-full of goods. They missed an email with an order for as much as a freight container of products. They said they hadn't got it. But we have confirmation that we sent it, in our computer, right? . . . They sent the goods one and a half months late. And they said that they hadn't got that email. They are not very honest, either, as we suspect they did manufacture the goods but sold them to a buyer who happened to give a better price. Now we've received an email that three years ago we ordered sixty thousand neckties and the neckties are waiting. So we were surprised, astonished, right? We mentioned in the past we would be buying neckties from them. So they produced them without an order. . . We are going to pick some.*

*ZP: So you still want to cooperate with them after all that?*

*O: There's no other option. (Owner, I: 2013).*

The follow-up interview after an interval of one year made it possible to observe the emerging new practice linked to cooperation with China and outsourcing liturgical fabric manufacturing. While the company changed its business partner, certain new schemas of action pre-

---

**Deinstitutionalization of practice: Organizational inertia or new practice creation**

served the continuity of the new practice. The company is continually looking for elements that may strengthen those international relations and the building of a new organizational structure (a Chinese secretary).

*No, we aren't doing business with that company any more. They went bust. Now we're just being helped by a secretary. You know, otherwise it would be difficult because it is hard to get started in another network. The other company was very good as for China and as for that cooperation, you know, it was easy to come to an agreement. But now we have a person from there, and we pay her a percentage on that, right? And she helps us with the key manufacturers (Owner, I: 2014).*

One of the very important elements of institutionalization of the new way of conducting business is the acceptance of differing values, as shown by a much more lenient evaluation of the previous business partner than the year before. Still, the new practice is still in its emerging phase. The owner finds it difficult to assess the new relations as they are emerging in a continuous and spontaneous manner, triggering everyday actions under a new international business logic:

*ZP: Despite all that, you found it easier to do business with that company, right? In spite of the fact that they made those fundamental mistakes?*

*O: But those mistakes were slightly smaller than... Some of those mistakes are not true mistakes, but kind of a business trick when [a company] has a surplus of some goods. You know, then they pretend that something happened and get rid of some of those goods. The other company had higher production levels. They were bigger, stronger, with better technology. . . . Now we kind of just started over again and it's hard to say because this happened two or three months ago. (Owner, I: 2014)*

In this context, it is also worth referring to other studies on the issue of institutionalization of practice in the apparel industry, which explored the role of spontaneous actions (Patora-Wysoccka, 2014). Qualitative research conducted on an example of a strong, relatively new fashion brand indicates that everyday practice is a kind of an institutional pillar ensuring the continuity of processes in the organization. It is also an area of diffusion of organizational values, identity, and routines. At the same time it is constantly subject to micro-processes of changes, often related to a change of the sector the company functions in (Patora-Wysoccka, 2014).

## Conclusions

The deinstitutionalization of practice is a new, cognitively useful category in the field of change management. It may be applied in analysis of the processes of erosion or disappearance of a previously enduring practice that used to provide the foundation for the logic of the pursued business model. It may also be a point of reference in the process of initiating changes and practices replacing old schemas of action. Thus, the discontinuity of reproduced practice may evolve into new patterns of action, or alternatively into complete inertia and organizational collapse. The empirical study presented in this work employs the notions of repetitive elements of day-to-day actions, deinstitutionalizing pressures, and practice deinstitutionalization, which were presented in the context of internationalization processes of companies.

Identifying some theoretical implications it may be indicated that deinstitutionalization is a process, an analysis of which can be conducted at the level of the following concepts: practice, recreated day-to-day activities, recurrent schemas of action, interaction, experience, and shared understanding. From the theoretical perspective, this is related to the processual current in management and the interpretative cognitive perspective. Deinstitutionalization of practice can also be presented from the point of view of micro-processes: routines, actions

reproduced on purpose, and spontaneous actions. In this sense, the concept of deinstitutionalization in management is a part of a broader current of practice turn in contemporary social thought that is more and more vivid in management science.

Practical implications of this study enclose some possible triggers of the process of deinstitutionalization. Thus, it should be noted that the applied research method expresses a contextual reality of a case. The research indicates that the erosion of institutionalized practice can be of great significance to actions undertaken in the company in crisis situations. In a turbulent environment, planning is often of limited significance in comparison with spontaneous actions. In this sense, deinstitutionalization of practice can be an important factor triggering the organizational renewal or collapse.

The deinstitutionalization of practice originates from erosion of relatively enduring organizational values. In the studied case these were material resources, the way they were used, and the skills based on which the business model was developed). It has to be emphasized that values related to internationalization have always been of significance to the company's owner, forming the basis for a certain logic, upon which the resource structure was built together with a method of using it within the distribution network and business relations with trading partners. As the work has shown, this structure became invalidated owing to deinstitutionalizing pressures. The actions undertaken to counteract entropy gave rise to new practice creation: a complete abandonment of an existing business logic, discontinuation of core manufacturing, and development of new practice and schemas of action.

The company abruptly moved from the stage of early internationalization, mostly based on export and commercial relations, to the stage of direct commitment of resources abroad: moving production to China and employing a Chinese. In this context, one can also see certain inconsistency with the logic of classic gradual models, within which internationalization takes place in an evolutionary way on resource and relational levels at the same time. In the explored case, the process of withdrawal from internationalization was noted, which was accompanied by a serious crisis situation, after which there was in-depth strategic reorientation and an abrupt increase in the commitment of activities abroad. This corresponds to non-linear concepts of internationalization.

At the same time, considering the relational context of management and interorganizational relations, based on which the owner runs the company's commercial activities, one might put forward a thesis about a gradual increase in the commitment of activities abroad. In this respect, one can also talk about two parallel and complementary levels of analysis of the company's activity, which would be difficult to observe without the application of the processual cognitive perspective.

To sum up, in the explored case, the company created a new business logic on the basis of the erosion of some relatively enduring categories of organizational structure. Referring to the research thesis, it can be said that discontinuity of reproduced actions may trigger new organizational practice.

On account of the cognitive perspective assumed, this study has certain limitations related to its bias towards the exploration of contextual analysis of the deinstitutionalization process. The companies were selected purposively based on their specific situation and activity profile, which means that the process of deinstitutionalization of practice shown is only a way to exemplify the phenomenon explored, and it probably does not cover all its aspects. Thus, deinstitutionalization may also involve the complete disappearance of practice. Further research should be conducted to explore the issue of practice deinstitutionalization in different types of

organizations: those which have survived and those which have undergone a complete collapse. The methodology of choice should incorporate longitudinal studies of qualitative nature.

The paper was prepared as part of a project financed by the National Science Center, grant no. DEC-2011/03/D/HS4/01651.

## Acknowledgment

## Santrauka

### Zofia Patora-Wysocka. Praktikos deinstytucionalizacija – organizacinių pokyčių, vykstančių kompanijos internacionalizacijos kontekste, skatulys

Mokslinėje literatūroje institucijos dažniausiai vertinamos kaip pamatinė egzistencinė kategorija; institucijos užtikrina socialinę tvarką, yra socialinių struktūrų pagrindas. Remiantis Giddens (1984), institucijos taip pat pasižymi stipria funkcinė prigimtimi – jų egzistavimas priklauso nuo reprodukcinio aspekto. Deinstytucionalizacija suprantama kaip socialinės sistemos institucinių elementų erozija. Institucionalizacija susijusi su pastovių socialinių kategorijų vystymu, deinstytucionalizacija gali būti traktuojama kaip institucionalizuotų socialinių kategorijų kolapsas. Straipsnio tikslas – atskleisti deinstytucionalizacijos praktikos esmę. Šiame kontekste siekiama sujungti institucinį ir procesinį požiūrius.

Deinstytucionalizacija gali vykti įvairiuose organizacijos funkcionavimo lygmenyse (bendro supratimo, institucinių vertybių, praktikos deinstytucionalizacija). Praktikos deinstytucionalizacija yra funkcinės prigimties; jai įtaką daro įvairūs veiksniai, priklausantys nuo konkrečios kompanijos situacinio konteksto. Straipsnyje pristatymo tyrimo rezultatai, gauti naudojant giluminio interviu metodą. Tyrimas vyko pasirinktoje kompanijoje, kuri tuo metu atsisakė dalies operacijų, siekdama plėsti savo gamybinius pajėgumus, perkeldama gamybą į Tolimuosius Rytus.

Praktikos deinstytucionalizacijos procesas buvo inicijuotas keliuose kompanijos veiklų lygiuose. Kompanijos savininkas siekė rasti alternatyvias išteklių ir įgūdžių naudojimo formas. Šios pastangos rėmėsi institucionalizuota praktika ir tarptautinių tinklų kontaktais. Deja, pastangos nedavė vaisių.

Gamyba tapo nepelninga, lydinti į gilesnius deinstytucionalizacijos procesus. Pasekmė – darbo jėgos mažinimas. Nagrinėjamu atveju spaudimas deinstytucionalizacijai buvo egzogeninės prigimties, kylanti iš kompanijos išorinės rinkos aplinkos. Toks spaudimas lydi į praktikos nunykimą ir visišką gamybos stabdymą. Darbo jėgos sumažinimas ir esminių verslo veiklų sustabdymas atspindėjo kompanijos fundamentalių vertybių, palaikančių verslo modelį, eroziją. Tai buvo lemtingas momentas įmonės gyvenime. Išsigelbėjimas buvo visai naujos praktikos logikos įdiegimas. Praktikos deinstytucionalizacija paskatino naujos praktikos atsiradimą – gamyba perkelta į Kiniją, padidėjo įsitraukimas į tarptautinius procesus.

Praktikos deinstytucionalizacija pristatoma straipsnyje yra pavyzdys to, kaip pereinama nuo visiškos erozijos į organizacines vertybes, kuriomis remiasi visi organizacijos nariai. Straipsnyje akcentuojama, kad vertybės, susijusios su internacionalizacija, yra visada svarbios kompanijos savininkams, kuriantiems pagrindą verslo logikai.

Veiklos modelio struktūros žlugimo priežastys, susijusios su deinstytucionalizacijos spaudimu. Nagrinėtu atveju, pirmiausia pastebėtas deinternacionalizacijos procesas, kurį lydėjo gili krizė, paskatinusi giluminę strateginę reorientaciją. Šie procesai siejami su ne linijine internacionalizacijos koncepcija. Apibendrinant, pateiktas atvejis atskleidė du lygiagrečius internacionalizacijos lygius, kurių negalima pastebėti be kognityvinės perspektyvos taikymo.

**REIKŠMINIAI ŽODŽIAI:** deinstytucionalizacija, praktika, reprodukciniai veiklos požymiai, internacionalizacija.

## References

Ahmadjian, C. L., Robinson, P. (2001). Safety in numbers: Downsizing and the deinstitutionalization of permanent employment in Japan. *Administrative Science Quarterly*, 46, 622-636. <http://dx.doi.org/10.2307/3094826>

Ansari, S. (2014). How are Practices Made to Vary? Managing Practice Adaptation in a Multinational Corporation. *Organization Studies*, Vol. 35(9), 1313-1341. <http://dx.doi.org/10.1177/0170840614539310>

- Berger, P., Luckmann, T. (1966). *The social construction of reality*. London: Penguin.
- Calof, J., Beamish, P.W. (1995). Adapting to Foreign Markets: Explaining Internationalization. *International Business Review*, 4 (2). [http://dx.doi.org/10.1016/0969-5931\(95\)00001-G](http://dx.doi.org/10.1016/0969-5931(95)00001-G)
- Creswell, J. W., (2009). *Research design. Qualitative, Quantitative, and Mixed Methods Approaches*. 3rd ed. California: SAGE Publications, Inc.
- Davis, G. F., Diekmann, K. A., Tinsley C.H. (1994). The decline and fall of the conglomerate firm in the 1980s: The deinstitutionalization of an organizational form. *American Sociological Review*, 59, 547-570. <http://dx.doi.org/10.2307/2095931>
- Farjoun, M. (2002). The dialectics of institutional development in emerging and turbulent fields: The history of pricing conventions in the on-line database industry. *Academy of Management Journal*, 45, 848-874. <http://dx.doi.org/10.2307/3069318>
- Feldman, M. S., Pentland, B. (2003). Re-theorizing organizational routines as a source of flexibility and change, *Administrative Science Quarterly*, 48(1), 94-118. <http://dx.doi.org/10.2307/3556620>
- Friedland, R., Alford, R. (1991). Bringing Society Back in: Symbols, Practices, and Institutional Contradictions. In W. W. Powell, P. J. DiMaggio (Eds.), *The New Institutionalism in Organizational Analysis* (pp. 232-266). Chicago: University of Chicago Press.
- Gherardi, S. (2012). *How to Conduct a Practice-Based Study. Problems and Methods*. Cheltenham: Edward Elgar. <http://dx.doi.org/10.4337/9780857933386>
- Giddens, A. (1984). *The constitution of society: Outline of the theory of structuration*. Berkeley: California University Press.
- Golsorkhi, D. et al. (2010). *Cambridge Handbook of Strategy as Practice*, Cambridge: Cambridge University Press. <http://dx.doi.org/10.1017/CBO9780511777882>
- Jarzabkowski, P. (2005). *Strategy as practice. An activity based approach*, London: SAGE Strategy Series.
- Johanson, J., Vahlne, J.E. (1977). The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Markets Commitments. *Journal of International Business Studies*, 8 (1). <http://dx.doi.org/10.1057/palgrave.jibs.8490676>
- Lazaric, N. (2010). Routines and routinization: an exploration of some micro-cognitive foundations. In M. C. Becker (Ed.), *Handbook of Organizational Routines* (pp. 205-227). Northampton: Cheltenham, Edward Elgar.
- Maguire, S., Hardy, C. (2009). Discourse and deinstitutionalization: the decline of DDT, *Academy of Management Journal*, 52, 1, 148-178. <http://dx.doi.org/10.5465/AMJ.2009.36461993>
- Melin, L. (1992). Internationalization as a Strategy Process. *Strategic Management Journal*, 13. <http://dx.doi.org/10.1002/smj.4250130908>
- Merton, R. K. (1936). The Unanticipated Consequences of Purposive Social Action. *American Sociological Review*, 1 (6), 894-904. <http://dx.doi.org/10.2307/2084615>
- Nicolini, D. (2013). *Practice Theory, Work, and Organization. An Introduction*. Oxford: Oxford University Press.
- Oliver, C. (1992). The Antecedents of Deinstitutionalization, *Organization Studies*, 13(4), 563-588. <http://dx.doi.org/10.1177/017084069201300403>
- Oviatt, B. M., McDougall, P. P. (1994) Toward a theory of international new ventures. *Journal of International Business Studies*, 25 (1). <http://dx.doi.org/10.1057/palgrave.jibs.8490193>
- Pauwels P., Matthyssens P. (2001). Toward a (more) dynamic theory of internationalization: International market withdrawal as empirical extreme. In C. N. Axinn, P. Matthyssens (ed.), *Reassessing the Internationalization of the Firm. Advances in International Marketing*, 11, Emerald Group Publishing Limited. [http://dx.doi.org/10.1016/s1474-7979\(01\)11023-9](http://dx.doi.org/10.1016/s1474-7979(01)11023-9)
- Patora-Wysocka, Z. (2014). The institutionalization of spontaneous changes in enterprises: A processual perspective. *Contemporary Management Quarterly. The Journal of scientific community and business leaders*, 13(3), 41-52.
- Schau, H. J., Muñoz, Jr. A. M., Arnould, E. J. (2009). How Brand Community Practices Create Value. *Journal of Marketing*, 73, 30-51. <http://dx.doi.org/10.1509/jmkg.73.5.30>
- Scott, W.R. (2008). *Institutions and Organizations. Ideas and Interest* (3rd ed.), Thousand Oaks: Sage Publications.
- Seidl, D., Whittington, R. (2014). Enlarging the Strategy-as-Practice Research Agenda: Towards Taller and Flatter Ontologies, *Organization Studies*, October 2014; vol. 35, 10, 1407-1421. <http://dx.doi.org/10.1177/0170840614541886>

- Sułkowski, Ł. (2010). *Evolutionary Challenges in Management. Darwin's Managers*. Warszawa: PWE.
- Thornton, P., Ocasio, W., Lounsbury, M. (2012). *The Institutional Logics Perspective: A New Approach to Culture, Structure and Process*. Oxford: Oxford University Press. <http://dx.doi.org/10.1093/acprof:oso/9780199601936.001.0001>
- Vahlne, J.-E., Ivarsson, I., Johanson, J. (2011). The tortuous road to globalization for Volvo's heavy truck business: Extending the scope of the Uppsala model. *International Business Review*, 20. <http://dx.doi.org/10.1016/j.ibusrev.2010.05.003>
- Weik, E. (2014). A Return to the Enduring Features of Institutions: A Process Ontology of Reproduction and Endurance. In *Philosophy of the Social Sciences*, [published online 8 August], <http://dx.doi.org/10.1177/0048393114544035>
- Welch, L. S., Loustarinen, R. K. (1999). Internationalization: Evolution of a Concept. In P. J. Buckley, P. N. Ghauri (ed.), *The Internationalization of the Firm*, ed. 2, Oxford: Thomson Learning.
- Zucker, L. G. (1988). Where do institutional patterns come from? Organizations as actors in social systems. In L.G. Zucker (Ed.), *Institutional Patterns and Organizations: Culture and Environment* (pp. 23–49). Cambridge, MA, Ballinger.

---

## About the author

### **ZOFIA PATORA-WYSOCKA**

**PhD in Social Sciences (Economics and Management); Associate Professor**

Department of Management, University of Social Sciences, Lodz, Poland

#### **Research interests**

Organizational change management, international entrepreneurship, institutionalization of spontaneous changes, routines, technological changes, internationalization

#### **Address**

e-mail: [zpatora-wysocka@spoleczna.pl](mailto:zpatora-wysocka@spoleczna.pl)